

Message Text

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TO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EFIN, MORG, GW

SUBJECT: BANKING SERVICES FOR US MILITARY RETIREES

REF: USCINCEUR MESSAGE 071851Z MARCH 1978

1. WHEN THE DEPARTMENT OF DEFENSE TOOK OVER THE MANAGE-
MENT AND FUNDING OF MILITARY BANK FACILITIES IN THE FRG
FROM THE DEPARTMENT OF TREASURY ON OCTOBER 1, 1977, IT
INFORMED AMERICAN EXPRESS AND CHASE MANHATTAN OF THE
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LIMITATIONS CONTAINED IN ARTICLE 72 OF THE GERMAN
SUPPLEMENTAL REGARDING THE SERVICES THEY COULD PROVIDE,
I.E. THEY COULD NOT PROVIDE ANY BANKING SERVICES TO U.S.
MILITARY RETIREES. PRIOR TO THAT DATE AND WITHOUT THE
KNOWLEDGE OF EITHER TREASURY OR DEFENSE, THE MILITARY
BANKING FACILITIES PROVIDED BANKING SERVICES TO SUCH
RETIREES, INCLUDING THE CASHING OF U.S. TREASURY CHECKS

AND THE SELLING AND REDEMPTION OF U.S. SAVINGS BONDS. SINCE THESE SERVICES HAVE BEEN ELIMINATED, U.S. MILITARY RETIREES LIVING IN THE FRG HAVE BEEN ENCOUNTERING GREAT DIFFICULTY IN NEGOTIATING US TREASURY INSTRUMENTS WITHIN THE FRG BANKING SYSTEM (REFTEL).

2. WHILE WE DO NOT BELIEVE THAT THIS SITUATION IS OF SUFFICIENT MOMENT TO WARRANT A FORMAL REVISION OF

ARTICLE 72, ESPECIALLY IN VIEW OF WHAT ANY ATTEMPT TO OPEN UP THE GERMAN SUPPLEMENTAL WOULD PORTEND, WE DO BELIEVE THAT IT WOULD BE APPROPRIATE TO SEEK FRG CONSENT FOR THE MILITARY BANKING FACILITIES TO PROVIDE RETIREES WITH THE LIMITED CHECK CASHING AND SAVING BONDS SERVICES. CONSIDERING BOTH THE RELATIVELY SMALL NUMBER OF RETIREES RESIDING IN THE FRG AND THE NATURE OF THE BANKING SERVICES TO BE PROVIDED, WE CANNOT DISCERN HOW THE FRG WOULD BE ADVERSELY AFFECTED BY GRANTING SUCH PERMISSION. ON THE OTHER HAND, THE MILITARY RETIREES WOULD GREATLY BENEFIT FROM BEING ABLE TO USE THE MILITARY BANKING FACILITIES FOR THESE LIMITED PURPOSES.

3. WE REALIZE THAT MILITARY DISBURSING OFFICES COULD BE AUTHORIZED TO PROVIDE THESE SERVICES; HOWEVER, DEFENSE FEELS THAT TO DO SO WOULD BE COUNTERPRODUCTIVE. A MAJOR PURPOSE FOR CONTRACTING FOR BANKING SERVICES WITH PRIVATE LIMITED OFFICIAL USE

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INSTITUTIONS IS TO KEEP SUPPORT PERSONNEL LEVELS AS LOW AS POSSIBLE SO AS TO HAVE MORE MANPOWER AVAILABLE FOR COMBAT UNITS. INCREASING THE FUNCTIONS OF MILITARY DISBURSING OFFICES WOULD MILITATE AGAINST THAT AIM.

4. PROVIDED THAT YOU DO NOT PERCEIVE ANY OBJECTIONS TO DOING SO, EMBASSY IS REQUESTED TO APPROACH FRG OFFICIALS AND SEEK THEIR CONSENT FOR MILITARY RETIREES TO USE THE MILITARY BANKING FACILITIES TO CASH US TREASURY CHECKS AND BUY AND REDEEM US SAVINGS BONDS. CHRISTOPHER

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